

Attachment 20 & 22

Holding Company for Financial Investments
(L.K.H Group)
“ Egyptian Joint Stock Company ”
The Combined Financial Statement
On December 31, 1999

The combined budget on 31/12/1999

| | Clarification no. | 1999 | 1998 |
|---------------------------------------|----------------------|----------------------|----------------------|
| The assets | | | |
| The current assets | | | |
| The cash and a like | (3) | 98.409.021 | 16.021.525 |
| Debits – short term balance (the net) | (4) | 850.027.021 | 508.536.325 |
| The stack | 5 (2-4) | 430.734.654 | 194.697.123 |
| Under implementation works | (6) | 123.923.333 | 109.353.565 |
| The total current assets | | 1.503.094.029 | 828.608.538 |
| The long term assets | | | |
| Credit deposits | (7) | 139.235.500 | |
| Customers – funding lease | (8) | 288.510.425 | 167.640.320 |
| Long term investments | 9 (2-5) | 634.500.985 | 262.135.125 |
| Fixed assets – per net | 10 (2-6) | 471.641.692 | 394.603.343 |
| Under implementation projects | (11) | 57.697.145 | 164.982.129 |
| The fame | (12) | 251.969.136 | 258.022.823 |
| Other assets – per net | (2-7) | 28.477.323 | 28.358.63 |
| Total long term assets | | 1.872.032.206 | 1.275.742.373 |
| Total assets | | 3.375.126.235 | 2.104.350.911 |



| | | | |
|---|------|----------------------|----------------------|
| Commitments | | | |
| Current commitments | (13) | 238.650.097 | 171.858.623 |
| Creditor bank | (17) | 47.757.963 | 36.448.67 |
| Due installments from long term loans | (14) | 39.014.657 | 178.828.069 |
| Creditors – short term balance | (15) | 37.375.000 | 12.933.747 |
| Allocations | (16) | 67.346.222 | 22.682.664 |
| Total current commitments | | 430.143.939 | 422.751.780 |
| Long term commitments | | | |
| Long term loans | (17) | 319.732.459 | 224.917.977 |
| Bonds | (18) | 650.000.000 | 250.000.000 |
| Creditors– long term balances | (19) | 278.006.783 | 13.459.153 |
| Total long – term commitments | | 1.247.739.242 | 488.37.130 |
| Minority rights | | 25.237.207 | 43.342.001 |
| Shareholders rights | | | |
| Issued and paid capital | (20) | 1.499.880.000 | 1.149.880.000 |
| The period net profits | | 172.125.847 | |
| Total shareholders rights | | 1.672.005.847 | 1.149.880.000 |
| Total commitments and shareholders rights | | 3.375.126.235 | 2.104.350.911 |

The attached clarifications are complementing the combined financial statements and must be read with it.

The auditor report is attached.

Micheal Lakah

The Chairman Deputy

Ramy Lakah

Chairman



The statement of combined cash flows from 1/1/1999 till 31/12/1999

| | 1999 | 1998 |
|--|----------------------|------------------------|
| Cash flows from operating activities | | |
| Net profit before taxes and minority rights | 225.661.739 | 118.578.667 |
| Settlements | | |
| Depreciation and consumption | 61.311.953 | 1.495.703 |
| Doubtful debts collection allocation | 8.220.858 | 4.997.615 |
| Net profit before the change of the working capital | 295.071.985 | 125.071.985 |
| The stock increase | (236.037.531) | (194.697.123) |
| The under implementation works increase | (14.569.768) | (109.353.565) |
| The debits increase | (349.711.554) | (513.533.940) |
| The creditors decrease – short tem balances | (139.813.412) | 178.828.069 |
| The increase of other credit balances | 24.441.253 | 12.933.747 |
| The decrease of the credit banks | 66.791.474 | 171.858.623 |
| The customers increase – long term | (120.870.105) | (167.640.320) |
| The used allocations | (5.201.943) | 1.702.618 |
| The net cash resulting from operating activities | (479.777.036) | (494.829.906) |
| The cash flows from the investment activities | | |
| The payment for the purchase of fixed assets | (115.088.769) | (395.748.796) |
| The decrease of the under implementation projects | 107.284.984 | (164.982.129) |
| The increase of fame | (7.207.846) | (341.250.506) |
| The payment of the long term investments | (372.365.860) | (262.135.125) |
| The payment of other assets | (10.118.690) | (38.711.546) |
| The payment of deposits for a term | (139.235.500) | |
| The net cash used for the investment activities | (536.731.681) | (1.202.828.102) |



| | | |
|---|----------------------|----------------------|
| The cash flows from the funding activities | | |
| The payment for increasing the capital | 350.000.000 | 1.149.880.000 |
| The collected amount from the long terms loans | 94.814.482 | 224.917.977 |
| The collected amount from the bonds issuing | 400.000.000 | 250.000.000 |
| The minority rights | (21.775.185) | 38.973.726 |
| The creditors increase – long term balances | 264.547.630 | 13.459.153 |
| The collected amount from the installments of the long term loans | 11.309.286 | 26.448.677 |
| The net profit resulting from the funding activities | 1.098.896.213 | 1.713.679.533 |
| The net increase of cash during the year | 82.387.496 | 16.021.525 |
| The cash and alike at the beginning of the year | 16.021.525 | |
| The cash and alike at the end of the year | 98.409.021 | 16.021.525 |

The clarifications which are complementing the combined financial statements on 31/12/1999.

1. The company establishment and activity

The holding company for financial investments (L.K.H Group) “An Egyptian Joint Stock Company” was established on November 29, 1998 according to the rules of the law no. 95 for the year 1992 and its executive act.

The purpose of doing so was the participation in establishing the companies issuing the securities or increasing its capitals, and it is allowed for the company to have an interest or participating by any way with the funds companies which are practicing similar works or which co-operate with it to achieve its purpose in Egypt or abroad. It may also incorporate to the previous companies, purchase it or make it a subsidiary according to the rules of the law and its executive act.

According to the financial statements on 31/12/1999, the holding company for financial investments (L.K.H Group) “An Egyptian Joint Stock Company” is the parent company and it has the following subsidiary companies :



| | The share percentage |
|---|-----------------------------|
| Trading Medical System Egypt (S.A.E) | 97.60% |
| Amitrade for Trading an Contractings (S.A.E) | 97.02% |
| The Arab Factory for Steel (S.A.E) | 97.92% |
| Quest Consult (S.A.E) | 97.46% |
| Intermedica Company (S.A.E) | 51.00% |
| Medikeep for Trading and Contractings (S.A.E) | 97.80% |
| The Industrial Investments Company (S.A.E) | 97.98% |
| The Consuming Industries Company (S.A.E) | 97.95% |
| The Medical Centres Administration (S.A.E) | 97.98% |

2. The most important followed accounting policies

The most important accounting policies which were followed in preparing the compound financial statements as follows :

2.1 The foreign currencies translation

The subsidiary companies accounts are held by the Egyptian pound and the transactions will be registered by the foreign currencies according to the prevailing exchange rate on the treatment date. The assets and the commitments which have a cash nature will be evaluated by the foreign currency on the date of preparing the budget according to the prevailing exchange rate on the date of preparing the budget and the difference gradation of re-evaluating in the income statement.

2.2 The bases of preparing the financial statements

on December 31st, 1999 the subsidiary companies financial statements were prepared according to the Egyptian accounting criteria, and the combined financial statements were prepared according to the international accounting criteria. The holding company financial statements include the balances of the assets and commitments of nine subsidiary companies on December 31st, 1999 in addition to the sales,



the sales costs and the operating expenses for the period beginning from Jan 1st, 1999 till December 31st, 1999.

2.3 The bases of preparing the combined financial statements

The financial statements include the whole companies affiliated to the holding company, and the combination bases include the following :

- Excluding all of the balances and internal transactions between the group companies.
- The minority rights are represented by the other shareholders rights in the subsidiary companies, and it appears ad an independent item on the combined financial statements and it is calculated from the net assets and operating results of the subsidiary companies which are owned by the holding company directly or indirectly.
- The purchase cost of the subsidiary companies was determined as follows :
 - a. The fair value of the assets and the commitments on the date in which the holding company purchased the subsidiary companies.
 - b. The increase was registered concerning the purchase cost about the holding company share in the fair value of the assets and commitments on the purchase date as a fame and it is consumed within 20 years beginning from Jan 1st, 1999.
 - c. The increase was registered concerning the holding company share in the fair value of the assets and commitments related to the subsidiary companies on the purchase date over the purchase cost as a negative declaration, and it is consumed within 20 year beginning from Jan 1st, 1999.
 - d. The companies, which are affiliated to the subsidiary companies owned by the holding company with a percentage more than 50%, are combined through the same previous bases.



2.4 The stock

The stock of materials, spare parts and supplies are evaluated per cost using the mobile average method, and the full production stock is evaluated per cost or the net recovery value, whichever is less, and the un operating production stock is evaluated per cost according to the percentage of consummation.

2.5 The long term investments

The long tem investments are registered by the actual cost, and the book value of these investments is decreased in case of the occurrence of a permanent decrease in its value for every single investment.

2.6 The fixed assets and its depreciation

The fixed assets are registered per historical cost, and depreciated by the fixed installment method during the estimated lifetime of the assets, and that will be for every single asset, what follows is a statement of the used depreciation percentages.

| The fixed assets | Depreciation percentage |
|--------------------------------|-------------------------|
| Building and constructions | 2.5-10% |
| Transportation means | 20-25% |
| Furnitures and office supplies | 10-25% |
| Machinery and equipments | 5-10% |
| Tools | 10-20% |

2.7 The other assets

The other assets are represented by the establishment expenses and also the expenses that precede the activity beginning. The other assets are depreciated by the fixed installment method during five year (20%) beginning with the first fiscal year.

2.8 The cash flows statement

The cash flows statement is prepared by using the indirect method.



2.9 The taxes

The taxes allocation is formed to meet the tax commitment due to a detailing study for every commitment according to the tax accounting in Egypt and the law in force, so the postponed taxes base applying according to the first accounting criterion (the income tax) doesn't usually cause any postponed tax commitments, and if the criterion applying cause postponed taxes, then these financial statement assets will be certified when there is a sufficient confirm that the assets will be achieved in the near future.

3. The cash and a like

The cash balance and alike reached on December 31st, 1999 an amount of 98.409.021 Egyptian pounds as follows :

| | 31/12/1999 Egyptian pound | 31/12/1998 Egyptian pound |
|--------------------------|------------------------------|------------------------------|
| Banks – current accounts | 84.260.473 | 7.652.208 |
| Cash on hand | 1.202.724 | 3.685.317 |
| Deposits in banks | 12.945.824 | 4.684.000 |
| | 98.409.021 | 16.021.525 |

4. Debits – Short term balances (net)

The debits balances – the short term balances reached on Dec 31st an amount of 850,027,021 Egyptian pound as follows :

| | 31/12/1999 Egyptian pound | 31/12/1998 Egyptian pound |
|--------------------|------------------------------|------------------------------|
| Collection papers | 22.565.874 | |
| Documentary credit | 4.280.000 | 51.216 |



| | | |
|--------------------------------------|---------------------|----------------------|
| Customers | 340.486.532 | 163.926.633 |
| Funding lease customers | 60.652.711 | 27.704.392 |
| Debits | 167.109.782 | 86.413.790 |
| Suppliers – debit balance | 121.994.499 | 102.821.830 |
| The coverage of guarantee letters | 2.720.793 | 6.818.870 |
| Other debit balances | 64.946.365 | 126.102.209 |
| Due investments revenues | 63.670.515 | |
| Under collecting cheques | 15.000.000 | |
| Deduct : | 863,427,071 | 513,838,940 |
| Doubtful debts collecting allocation | (13,400,050) | (5,302,615) |
| | 850.027, 021 | 508, 536, 325 |

5. The stock

The stock balance reached on Dec 31st, 1999 an amount of 430,734,654 Egyptian pound, and it is represented as follows. :

| | 31/12/1999 Egyptian pound | 31/12/1998 Egyptian pound |
|--------------------------------------|------------------------------|------------------------------|
| Material and scrap | 140.600.180 | 137.187.544 |
| Assisting materials | 3.002.352 | 1.279.325 |
| Spear parts | 103.429.408 | 14.198.246 |
| Mobilization and packaging materials | 9.653.471 | 78.335 |
| Under operating production | 1.294.247 | 163.361 |
| Medical equipments | 53.641.817 | - |
| Goods on road | 56.570.194 | - |
| Full production | 62.542.985 | 41.790.312 |
| | 430.734.654 | 194.697.123 |

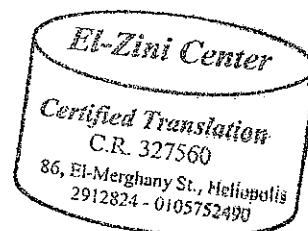


6. Under Implementation works

The under implementation works balance reached on Dec 31st, 1999 an amount of 123,923,33 Egyptian pounds, and it is represented as follows:

| | 31/12/1999 Egyptian pound | 31/12/1998 Egyptian pound |
|---------------------------------|------------------------------|------------------------------|
| El Salam Hospital | 4.976.221 | 3.926.974 |
| Luxor Hospital | 3.892.507 | 3.046.507 |
| Damietta Hospital | 1.322.401 | 1.203.831 |
| A 62 beds project | 5.515.842 | 3.479.035 |
| El Bagour Hospital | 5.886.881 | 4.150.330 |
| El-Ghanayem Hospital | 6.765.979 | 5.994.185 |
| The 6 th of October | 19.774.932 | 16.935.330 |
| Sharm El Sheikh Suez Hotel | 15.708.169 | 12.755.520 |
| The specialized medical centers | 28.331.834 | 31.203.633 |
| Others | 31.748.567 | 26.659.120 |
| | 123.923.333 | 109.353.565 |

7. **Deposits for a term :** The limited term deposits balance reached on Dec 31st, 1999 an amount of 139,235,500 Egyptian pounds which is represented by the value of the deposits in escrow and the frozen deposits at Cairo Bank-Sarwat branch (which are automatically renewed) from the Arab Factory Company for steel against the guarantee of paying the issued bonds with an amount of 250.000.000 Egyptian pounds which is due on 29/9/2005 (clarification no. 18).
8. **Customers – Funding lease :** the customers – funding lease balance reached on Dec 31st, 1999 an amount of 288,510,425 Egyptian pounds concerning the medical devices which is due during more than one year, in addition to the due part during the year 2000 which is 60,625,711 Egyptian pounds and it is



included in the current assets account at the item of "debits – short term balances".

9. Long term investment

The long term investments balance reached on Dec 31st 1999 an amount of 634,500,985 Egyptian pounds and it is represented as follows :

| | Investment percentage | 1999 Egyptian pound | 1998 Egyptian pound |
|--|-----------------------|---------------------|---------------------|
| The Suez company for steel works (S.A.E) | 49% | 53.628.173 | 54.722.625 |
| First power company (S.A.E) | | - | 1.250.000 |
| Arina artistic production company (S.A.E) | | - | 62.500 |
| House of Art (S.A.E) | | - | 75.000 |
| | | 53.628.173 | 56.110.125 |
| Other companies | | | |
| El Delta sound company (S.A.E) | | - | 25.000 |
| The international company for touristic and real estate investments (S.A.E) | | - | 1.000.000 |
| The Arab factory for steel products (S.A.E) | 49% | 124.000.000 | 124.000.000 |
| The international company for the modern filters pipes production (S.A.E) (Rigo) | 12% | 3.000.000 | - |
| Tanta Scan center (Tanta Scan) (S.A.E) | 10.8% | 541.160 | |
| Encolize company (S.A.E) | 9% | 1.800.000 | |
| Helio-medical company (S.A.E) | 46.89% | 65.082.843 | 125.025.000 |

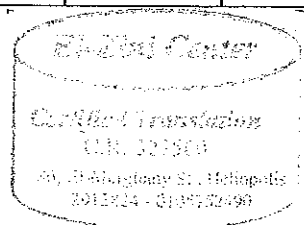


| | | | |
|---|--|--------------------|-------------|
| The medical equipments activity investments in North Africa, the middle East and Turkey | | 305.448.809 | 81.000.000 |
| The total of the other companies | | 499.872.812 | 262.135.125 |
| The detergents factory (the industrial investment company) (S.A.E) (Rented for others) | | 81.000.000 | |
| | | 634.500.985 | |

10. The fixed assets (per net)

The fixed assets balance (per net) reached on Dec 31st, 1999 an amount of 471,641,692 Egyptian pounds, and it is represented as follows :

| | Lands Egyptians pound | Building and construction Egyptian pound | Machinery and equipments Egyptian pound | Tools Egyptian pounds | Furnitures and office supplies Egyptian pound | Transport ation Egyptian pound | Total Egyptian pound |
|---|-----------------------------|---|---|-----------------------------|---|---|----------------------------|
| The cost at the beginning of the period | 139.067.556 | 44.938.399 | 199.462.363 | 422.363 | 4.936.902 | 32.163.858 | 420.991.441 |
| Additives | 12.468.053 | 22.494.421 | 48.267.157 | 2.234.469 | 3.764.937 | 25.859.732 | 115.088.769 |
| Exclusions | - | - | - | - | - | - | - |
| The cost at the end of the period | 151.535.609 | 67.432.820 | 247.729.520 | 2.656.832 | 7.701.839 | 58.023.590 | 536.080.210 |
| The total depreciation at the period beginning | - | 1.992.054 | 16.165.705 | 32.152 | 1.344.971 | 6.853.216 | 26.388.098 |
| The period depreciation | - | 3.044.652 | 25.638.954 | 638.903 | 861.666 | 7.866.245 | 38.050.420 |
| Exceptions depreciation | - | - | - | - | - | - | - |
| The total depreciation at the end of the period | - | 5.036.706 | 41.804.659 | 671.055 | 2.206.637 | 14.719.461 | 64.438.518 |
| The net assets value per Egyptian pound | 151.535.609 | 62.396.114 | 205.924.861 | 1.985.777 | 6.495.202 | 43.304.129 | 471.641.692 |



11. Under implementation project

The under implementation project balance reached on Dec 31st, 1999 an amount of 57,697,145 Egyptian pounds, and it is represented by the total of the projects funding cost which still under construction, and represented as follows :

| | 31/12/1999 Egyptian pound | 31/12/1998 Egyptian pound |
|--|--------------------------------------|--------------------------------------|
| Alakereline factory-quest consult | 8.202.350 | 24.750.476 |
| The waiting areas and the service centers - the international for heavy transformation | 34.835.843 | 80.186.961 |
| Sterilization room-intermediacy | 14.658.952 | - |
| The consuming industries company - the lamps production line | - | 13.349.586 |
| The Arab factory for steel - the dust and gases purification unit | - | 18.219.188 |
| The Suez Hotel (Sham El Shiekh - construction Scandinavian | - | 17.085.550 |
| The Suez Hotel (Sharm El Shiekh - the utilities) the Scandinavian company | - | 11.390.368 |
| | 57.697.145 | 164.982.129 |

12. The fame

The fame value reached, after deducting the negative fame, an amount of 251,969,136 Egyptian pounds resulting from purchasing a group of the subsidiary companies (L. K. H Group), and it is represented as follows :

| | 31/12/1999 Egyptian pound | 31/12/1998 Egyptian pound |
|-------------------------------------|--------------------------------------|--------------------------------------|
| The Arab factory for steel | 202.338.200 | 202.338.200 |
| The consuming industries company | 32.734 | 32.734 |
| Amitrad for trading and contracting | (6.269.546) | (6.269.546) |



| | | |
|--|--------------------|--------------------|
| Quest consult | (5.812.737) | (5.812.737) |
| The industrial investments company | 28.595 | 28.595 |
| The medical centers administration | (1.587.193) | (1.587.193) |
| Trading medical system | 23.626.136 | 23.626.136 |
| Medicip for trading and contracting | 52.874.480 | 52.874.480 |
| The Scandinavian company for investments and lovristic development | - | (7.207.846) |
| | 265.230.669 | 258.022.823 |
| The consumption | - | (13.261.533) |
| | 251.969.136 | 258.022.823 |

13. Creditor Banks

The creditor balance reached on Dec 31st, 1999 an amount of 238,650,097 Egyptian pounds, and it is represented as follows :

| | 31/12/1999 | 31/12/1998 |
|---------------------------|--------------------|--------------------|
| Bank overdraft | 227.456.392 | 34.604.719 |
| Islamic Banks - profits | 11.193.705 | 34.764.234 |
| Documentary credits Banks | - | 102.489.670 |
| | 238.650.097 | 171.858.623 |

14. The creditors – short term balances

The creditors balance – short term balances reached on Dec 31st, 1999 an amount of 39,014,657 Egyptian pounds, and it is represented as follows :

| | 31/12/1999 | 31/12/1998 |
|-------------------|------------|------------|
| Payment documents | 4.199.266 | 10.695.641 |
| Creditors | 11.914.255 | 30.155.583 |



| | | |
|------------------------|-------------------|--------------------|
| Suppliers | 22.205.404 | 97.157.194 |
| Other creditor balance | 695.732 | 40.819.651 |
| | 39.014.657 | 178.828.069 |

15. Other credit balances

The other balance of credits reached on Dec 31st, 1999 an amount of 37,475,000 Egyptian pounds, and it is represented as follows :

| | 31/12/1999 Egyptian pound | 31/12/1998 Egyptian pound |
|--|--|--|
| Out standing bounds profits | - | 37.375.000 |
| Current account – Scandinavian company | - | 4.933.747 |
| Free loan (without profits) Scandinavian company | - | 8.000.000 |
| | 37.375.000 | 12.933.747 |

16. The allocations

The allocation balance reached on Dec 31st, 1999 an amount of 67,346,222 Egyptian pounds to meet the tax commitments on the subsidiary companies and any other tax commitments.

17. The long term loans

The long term loans balance on Dec 31st, 1999 an amount of 319,732,459 Egyptian pounds. The due installment of the mentioned long term loans reached 47,757,963 Egyptian pounds, and it is included in an independent item in the budget (the due installments of the long term loans).

18. Bonds

The bonds balance reached an amount of 650,000,000 Egyptian pounds on Dec 31st, 1999, and it is represented as follows :



An amount of 250,000,000 Egyptian pounds which is the bonds value issued the Arab Factory for steel, and it can't be transformed into ordinary shares with a yearly profit of 11.5%, and the subscription was done on July 1998, and the bonds period is 7 years, and it is paid by the end of the period with the guarantee of the frozen deposits and the deposits in escrow at Cairo Bank-Sarwat branch to meet these bonds (clarification No. 7).

An amount of 400,000,000 Egyptian pounds which is the bonds value issued by the holding company for financial investments and it can't be transformed into ordinary shares with a yearly profit of 11.5%, and the subscription was done in 1999, and the bonds period is 7 years, and it is paid by the end of the period.

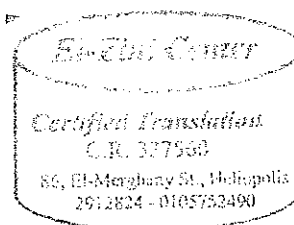
19. Creditors – long term balances

The creditors balance reached on Dec 31st, 1999 an amount of 278,006,783 Egyptian pounds, and it is represented as follows :

| | 31/12/1999 Egyptian pound | 31/12/1998 Egyptian pound |
|---|------------------------------|------------------------------|
| Lakah limited liability company for funding | 207.009.000 | - |
| The sales taxes of the capital assets | 2.251.090 | 2.819.015 |
| Long term payment documents | 2.729.193 | 10.640.138 |
| Other credit balance | 66.017.500 | - |
| | 278.006.783 | 13.459.153 |

20. The capital

The registered capital reached an amount of 5 billions Egyptian pounds, and the issued, present and paid capital reached an amount of 1,499,880,000 Egyptian ponds divided on a number of 149,988,000 shares with a nominal value of ten Egyptian pounds per one share, distributed as follows.



| The share holder name | Sharing percentage | Shares number | Value L.E |
|---|--------------------|---------------|-------------|
| a- The establishers | | | |
| Mr. / Ramy Lakah | 0.0007% | 1.000 | 10.000 |
| Mr. / Micheal Lakah | 0.0007% | 1.000 | 10.000 |
| Mr. / Farouk Abdel Samie | 0.0003% | 500 | 5.00 |
| b- The subscribers | | | |
| Mr. / Ramy Lakah | 38.312632% | 57.464.350 | 574.643.500 |
| Mr. / Micheal Lakah | 30.665087% | 45.993.950 | 459.939.500 |
| Cairo Bank | 7.616476% | 11.423.800 | 114.238.000 |
| New York Bank | 20.308742% | 30.460.676 | 304.606.760 |
| Nomura International | 0.749461% | 1.124.101 | 11.241.010 |
| Fidelity Emerging Markets Fund | 0.494642% | 741.903 | 7.419.030 |
| Fidelity Investment Funds Eme. Markets Fund | 0.357782% | 536.630 | 5.366.300 |
| Nomura Nominees LTD | 0.349829% | 524.702 | 5.247.020 |
| Miss./ Fawzya Mohammed Emara El-Ghity | 0.155346% | 233.000 | 2.330.000 |
| Fidelity Funds Emerging Markets | 0.139143% | 208.698 | 2.086.980 |
| Mr./ El-Sayed Mohammed Emara El-Ghity | 0.134344% | 201.500 | 2.015.000 |



| | | | |
|--|-------------|--------------------|----------------------|
| The Guarantor Company for the subscription guarantee in the securities | 0.123050% | 187.942 | 1.879.420 |
| The Company of the International Investment House | 0.100008% | 150.000 | 1.500.000 |
| Mr./ Tarek Mostafa Kamel | 0.077340% | 116.000 | 1.160.000 |
| HSBC invest Bank London | 0.067472% | 101.200 | 1.012.000 |
| Others | 0.344726% | 517.048 | 5.170.480 |
| | 100% | 149.988.000 | 1.499.880.000 |

During 1999, the issued capital was increased from 1,149,880,000 Egyptian pounds to 1,499,880,000 Egyptian pounds, with an increase of 350,000,000 Egyptian pounds which is full paid according to the board resolution dating 28/6/1999, and it was registered by the commercial registry, and published in the companies journal, and the adjustment of the articles 6 and 7 of the main regulation of the company.

21. Probable commitments

The probable commitments are represented by the value of the guarantee letters, which were issued by the banks for others, and it reached on Dec 31st, 1999 (The guarantee letters covers) an amount of 2,720,793 Egyptian pounds, which appears on the item of debits-short term balances.

22. The financial instruments and managing its related risks

The company financial instruments are represented by the financial assets (Cash and like – Some debits accounts) and also the financial commitments (The creditor banks, creditors accounts, bonds, and long term loans).



○ **The interest rate risks**

The company depends on the long term bonds, facilities and loans in funding a part of the working capital and some of the long term assets.

○ **The credits risk**

The credit risks are represented by the company ability to collect the debits due from customers, so there is a study prepared for the customers position through forming the allocations, which are necessary for meeting the doubtful collecting debts (clarification No. 4).

○ **The foreign currencies rate fluctuation**

Some of the company's transactions are executed by the different foreign currencies and the company may face the fluctuation risk of the foreign currencies exchange rate, and this risk is confronted making an equilibrium between its foreign currencies commitments and its foreign currencies funding resources.

● **The fair value**

According to the used evaluation bases in evaluating the company assets and commitments, so the financial instruments value isn't intrinsically different from the book value on the budget date.

23. The share portion of the profits

The net share portion of the profits is calculated as follows :

| | 31/12/1999 | 31/12/1998 |
|--------------------------------------|-----------------------|-----------------------|
| | Egyptian pound | Egyptian pound |
| The year net profit divided by : | 172.125.847 | 93.230.346 |
| The shares number average | 132.488.000 | 114.988.000 |
| The net share portion of the profits | 1.30 | 0.81 |

24. The comparison numbers

The comparison numbers were adjusted to comply with the financial statements of the current year.



The comptrollers reports

Mr./ The shareholders of the holding company for financial investment (L. K. H. Group)

We have reviewed the combined budget of the holding company for financial investments (L. K. H Group) (An Egyptian joint stock company) on Dec 31st, 1999 and also the two income statements, and the combined cash flows of the fiscal year ended on that date. These financial statements are included in the company administration responsibility, but our responsibility is making an opinion concerning it according to our audit we haven't audit the financial statements of nine subsidiary companies, clarification No. (1), whose statements shows total assets of 88% from the total combined assets and total revenues which represent 95% of the total combined revenues of the fiscal year ended on the date, these statements were audited by another comptroller who is Mr. / Sherif Hamouds and we here already obtained these statements, and we depended, in giving our opinion about the financial statements of these companies, on the others comptrollers report of these companies.

Our audit was done according to the international auditing criteria which require the planning and executing of the auditing works and its cash flows of the fiscal year ending on that date, and according to the international accounting criteria in the light of the laws rules and the currant Egyptian instruction.

Cairo on : March 30th, 2000

The two comptrollers

Sherif Hamouds
R.S.M International

Rashad Hosny
Mostafa Shawky and Co.
Dilwit Tosh

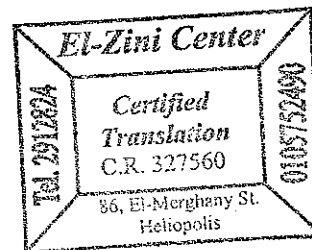


28. The taxes situation

- A. The financial companied tax was examined for Medikeep company for trade and contractors till the year 1997 and patterns 18, 19 was received and it is now circulating the appeal committee.
- B. Pattern 18 was received related to taxes on the capital profits results from paying the factory in the Arabic factory company for iron and the objection presented in the interior committee in the tenth of Ramadan.
- C. The taxes of financial companies wasn't examined since the beginning of the activity and till the cast confession for the following companies :
- Trading medical system Egypt company.
 - Amitrade for trading and contractions company.
 - Quest consult trading company.
 - Medical centers administration company.
- D. The sales tax was examined till the financial lists in 31 December 1999 for the following companies :
- Medikeep company for trading and contractors.
 - The Arabic factors company for iron (till the date of selling the factory).
 - Amitrade company for trading and contractors.
 - Trading medical system Egypt company.
 - Quest consult trading company.
 - The consumption industrial company (till the financial lists in 31 December 1998).
 - The international company for heavy transportation and all companies presents the taxes acknowledgement in the legal date and pay the due taxes on it from these acknowledgement.

29. The comparison numbers

The comparison numbers was modified to agree with the classification of the financial lists for the currently year.



30. The general institution for financial market

The notes of the general institution of financial market was arrive to as on the financial lists collected for the company for the financial year ended in 30 June 2000 and repressing in seven notes comes tours with the institution letter on date 22 February 2001 No. 39 which represent in seven notes and it was received completely according to the recommendation of the general institution for financial market and all note in its right position from the financial list and the clarifications completing it.

Auditor Report

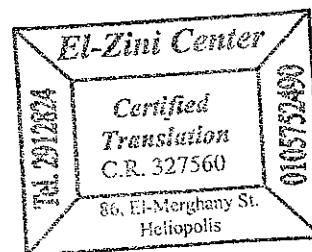
Mr./ The Shareholders of the Holding Company for Financial Investment (L. K. H. Group)

We have revised the financial lists in 31 December 2000 (L.K.H. Group) a share Holder Egyptian Company represented in the budget on 31 December 2000 the two income statements, and the combined cash flows for the period from 1 January 2000 to 31 December 2000. These financial lists is the responsibility of the company management and our responsibility according to that is to demonstrate our opinion according to these financial lists in the spotlight of our revision of it.

Revision has been done according to the Egyptian revision criterion and in the spotlight of the operational Egyptian laws.

Egyptian revision criterion planning and performing the revision to gain a suitable emphasize that the financial lists doesn't include a passive faults. Revision works includes performing an experimental audit for the documents, values supported evidences and the financial lists provided explanations in addition to that it includes revising, it includes policies evaluation to the applied accounting rules and to the necessary appreciates which prepared by the knowledge of the management and also the safe of the offer which was presented by the financial lists. We gained the statements and explanations we saw it is needed to the purpose of revising. We see that what we have done of the revision considered to be basically suitable to demonstrate our opinion upon the financial lists.

In our opinion the financial lists mentioned above is important with the clearly completing explanations with the necessary sides about



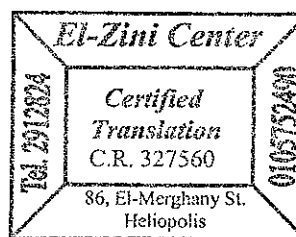
the financial position of the company in 31 December 2000 and about its combined activity and cash flows about the period from 1 January 2000 to 31 December 2000 year ending at that date and this is according to the Egyptian accounting criterions and in the spot light of the Egyptian laws and lists the are related to it.

This will not be considered as a reservation, and as it was mentioned in detail on the clarifications no. (2/3), (8) and (27), the company has changed the accounting policy concerning the fame treatment, and it applies the standard accounting treatment included in the Egyptian accounting criterion no. (5) concerning the treatment of the accounting policies change. This created a decrease in the fame consumption period from 20 years to 10 years, and this change was applied retroactively on Jan 1st, 1999. This change affected the first balance of the combined transferred profits with an amount of 13.261.534 Egyptian pounds, and it affected on the combined works results of the fiscal year ended on December 31st, 2000, concerning the year consumption.

Cairo on : March 22nd, 2000

Sherif Hamouda

R.S.M International



Attachment 20/22

**The Holding company of Financial Investments
(L.K.H. Group)"Egyptian Corporation"
The financial statements accumulated in Dec 31, 2000
Chairman of the holding company of Financial Investments
(L.K.H. Group)"Egyptian Corporation"**

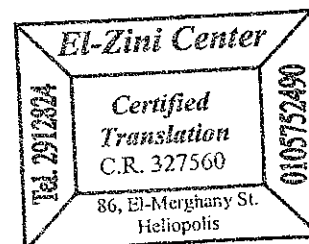
Honor to call shareholders

To the ordinary general assembly meeting on Monday 9/4/2001. At 12.00 pm in the company based in 47, El Orouba St, across El-Ghazaly St, Heliopolis, Cairo.

If there is no completion of quorum which required for meeting legality, the ordinary general assembly will hold another meeting in the same place after an hour of the first meeting's appointment (at 1.00 pm) on Monday 4/9/2001. The second meeting will be considered legal whatever the number of representatives shares..

The General assembly decision will be issued by overwhelming majority of the representative shares of the meeting to look into next schedule :

1. Looking into board of directors' report for the fiscal year that ended in Dec 31, 2000.
2. Introducing controller's report about the fiscal lists of the fiscal year ended in Dec 31, 2000.
3. Looking into credit of fiscal lists that ended in Dec 31, 2000.
4. Releasing members of board of directors about the fiscal year that ended in Dec 31, 2000.
5. To determine rewards and wage rates of board of directors about the fiscal year that ended in Dec 31, 2001 and to credit rewards and wage rates of the fiscal year that ended in Dec 31, 2000.
6. Appointment of two controllers for the company and determining their wages in the fiscal year ended in Dec 31, 2001.



7. Ratifying endowments during the fiscal year that ended in Dec 31, 2000 ; and determining endowments for the fiscal year which ended in Dec 31, 2001.
8. Ratification of Changes that happened to board of directors during the last period.
9. Recently works.

Instructions :

1. Shareholder, who desires to ask questions for board of directors, has to be introduced by written papers in the place of the company in exchange of a receipt or be sent by recommended mail before at least 3 days of holding General Assembly Meeting.
2. Every shareholder has the right to attend General Assembly's Meeting personally or his deputy. For Deputation legality, to be proved written letter of attorney and the procurator must be shareholder.
3. every shareholder desire to attend general assembly meeting must prove by a document from one of the companies concerned of records management before at least 3 days of holding General Assembly Meeting which explain freezing balance till closure of General Assembly.

Board Chairman

Ramy Remone Lakah

Report of board of directors about the fiscal year 2000

The Holding company of Financial Investments (L.K.H. Group) "Egyptian corporation " was founded in November 29, 1998 according to law rules number 95/1992 and its executive regulation where the company invest in companies that include different and multiple sectors & activities (industrial – commercial – medical - contracts).

From this huge sector of companies & activities, it was illustrated that there was depression of volume revenues in 2000 in comparison with 1999. Depression reasons referred to decreasing the volume of group businesses as direct result to decreasing business volume in the financial lists of clients dealt with it in different activities in general & in medical fields specially. In



addition to influence of both of economic position & events that stagnation & depression built on generally in world markets and specially in local markets which followed by forming the required allotments to confront the debts that suspected to be collected, according to principle of cautiousness & carefulness in accordance with International Accounting standards that almost appropriate with Egyptian Accounting standards, in addition to sale part of the owned assets that produced by the Arab Factory for Iron (affiliate of the Holding Company) which have influenced greatly on production mechanisms, from there influenced profit mechanisms.

The company accorded with local creditor banks to re-schedule and re-frame part of its debts to be paid on long terms. The company assumed an obligation of complete commitment to pay real indebtedness in addition to interests.

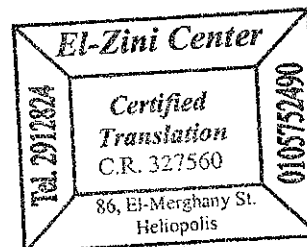
The company will pay all issued Bonds coupon locally & Internationally, as maintenance and cautiousness of holders of bonds' rights.

The company opened new local & international markets, entering in other fields as internet technology and internet Technology related to communication that will be declared soon ; which will have positive effect on volume of business and profits in half 2001. New markets will be opened in the medical activity field in many countries as COMESSA countries, IRAQ & LIBYA. Been shared in new bids to prepare hospitals in these countries that will be judged on it currently.

The two main shareholder in the company are Mr. Ramy Remone Lakah & Micheal Remone Lakah who added their own personally assets concerns another company outreaching of the Holding Company and affiliates to the assets of the Holding Company desiring to enhance the financial position of the Holding Company's assets.

The Company witnessed noticeable effort during the second half of 2000 to reframe regulatory & executive rules, and to decrease volume of administrative & general expenses without prejudice to level of administrative and executive performance by the way of serving work flow Smoothly and easily.

The company do the best efforts to collect arrears and the debts owed to them.



The company has activated changes of board of directors by joining new experienced and qualified members In financial, technical and administrative fields achieving and believing in rule of separating between property and administration. Which would have a positive effect on the company's future financial positions.

Employment volume of group reached 4007 officer and workers in 2000 in different in the various disciplines.

Management strategy group is Concentrated in the coming period to further focus of the activities of the group in the medical field. This will be announced the activation of this strategy consecutively.

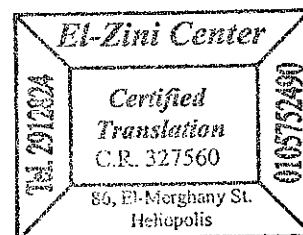
Finally, board of directors pleased to introduce sincere thanks to gentlemen shareholders for what we sensed of confidence and support from them, from the leaders of the Group and accounting controller for faithfully cooperation. Also thanks to all the workers for their efforts during 2000 under the current circumstances.

Board Chairman

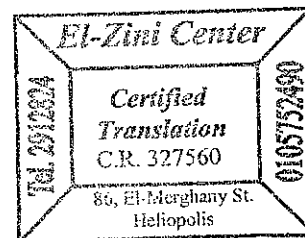
Ramy Remone Lakah

The accumulated budget in Dec 31, 2000

| | Clarification no. | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|----------------------------------|----------------------|------------------------------|------------------------------|
| <u>Long – term assets</u> | | | |
| Time deposits | (3) | 155.016.865 | 139.235.500 |
| Clients- long term balances | 4 (2-9) | 307.121.543 | 288.510.425 |
| Hold papers | (5) | 191.720.000 | - |
| Long –term investments | 6 (2-5) | 619.086.833 | 634.500.985 |
| Net fixed assets | 7 (2-6) | 370.504.607 | 471.641.692 |
| Projects in progress | | 10.091.696 | 57.697.145 |
| Reputation | 8 (2-3) | 50.313.975 | 251.969.136 |
| Other net assets | (2-7) | - | 28.477.323 |
| Total long –term assets | | 1.703.855.519 | 1.872.032.206 |



| | | | |
|--------------------------------------|-----------|----------------------|----------------------|
| <u>Balanced assets</u> | | | |
| Cash and what including | (9) | 15.161.459 | 98.409.021 |
| Debtors- net short term balances | (10) | 836.028.640 | 850.027.021 |
| Net storage | 11 (2-4) | 533.179.929 | 430.734.654 |
| Works in progress | | 175.542.889 | 123.923.333 |
| Total balanced assets | | 1.559.912.917 | 1.503.094.029 |
| <u>Balanced obligations</u> | | | |
| Creditor banks | (12) | 70.323.661 | 238.650.097 |
| Installments due for long term loans | | - | 47.757.963 |
| Creditors- short term balances | (13) | 125.527.714 | 39.014.657 |
| Other credit balances | (14) | 41.135.000 | 37.375.000 |
| Allowances | 15 (2-10) | 22.144.162 | 67.346.222 |
| Total balanced obligations | | 259.130.537 | 430.143.939 |
| Working capital | | 1.300.782.380 | 1.072.950.090 |
| Total investment | | 3.004.637.899 | 2.944.982.296 |
| That will be financed as follows : | | | |
| <u>Shareholder's equity</u> | | | |
| Issued & paid capital | (16) | 1.499.880.000 | 1.499.880.000 |
| Statutory reserves | | 11.200.566 | - |
| Profits carried forward | | 179.986.676 | - |
| Net loss of year | | (299.149.564) | 172.125.847 |
| Total rights of shareholders | | 1.391.917.678 | 1.672.005.847 |
| Minority rights | 17 (2-3) | 19.651.818 | 25.237.207 |
| <u>Long term obligations</u> | | | |
| Long term loans | (18) | 595.161.564 | 319.732.459 |



| | | | |
|---|------|----------------------|----------------------|
| Bonds | (19) | 650.000.000 | 650.000.000 |
| Creditors - long term balances | (20) | 347.906.839 | 278.006.783 |
| Total long-term obligations | | 1.593.067.403 | 1.247.739.242 |
| Total finance of capital & long term assets | | 3.004.637.899 | 2.944.982.296 |

- The Attached illustrations completing the accumulated fiscal lists and should be read with it.
- Attached Auditor's report .

Board Chairman

Vice- Chairman

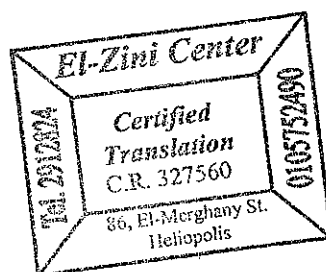
Ramy Remone Lakah

Micheal Remone Lakah

Accumulated income list in period

(Jan 1, 2000 till Dec 31, 2000)

| | Clarification no. | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|-----------------------------------|-------------------|------------------------------|------------------------------|
| Net sales | | 467.740.546 | 1.227.119.185 |
| <u>Discounted :</u> | | | |
| Cost sales | | (327.917.015) | (783.629.845) |
| Total profits | | 139.823.531 | 443.489.340 |
| <u>Discounted :</u> | | | |
| Administrative & general expenses | | 51.545.060 | 84.761.324 |
| Financing expenses | | 120.321.126 | 43.843.348 |
| Destruction & consumption | (21) | 49.371.443 | 25.875.953 |

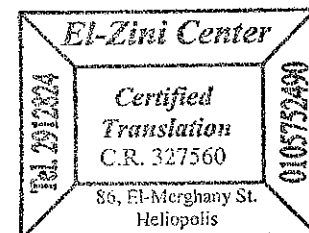


| | | | |
|--|-------------|----------------------|--------------------|
| Evaluation differences Losses of Foreign currencies | (2-1) | 1.852.868 | 219.727 |
| Bond interests | (19) | 74.750.000 | 59.416.666 |
| Permanent devaluation in - long term investments | 6 (2-5) | 4.000.000 | - |
| Stagnant & Ruined stored allotment | 11 (2-4) | 31.000.000 | - |
| Allotment of doubtful debt's collection | (10) | 188.968.912 | 8.220.858 |
| Tax settlements | (22) | 4.808.731 | - |
| Total expenses | | 526.618.137 | 222.337.876 |
| Added : | | | |
| Credit interests | (23) | 18.326.416 | 4.510.275 |
| Capital gains | (27) | 63.500.835 | - |
| Net year's loss before minority rights & income taxes | | (304.967.355) | 225.661.739 |
| Minority rights | (2-3) | 5.817.791 | (3.670.391) |
| Income taxes | | - | (49.865.501) |
| Net loss of year | | (299.149.564) | 172.125.847 |
| Stock dividend of loss | (26) | (1.99) | 1.30 |

- The Attached illustrations completing accumulated fiscal lists and should be read with it.
- Attached Auditor's report.

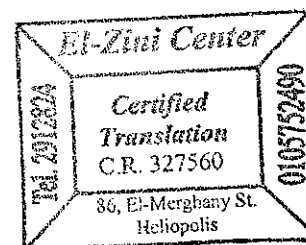
Board Chairman
Ramy Remone Lakah

Vice- Chairman
Micheal Remone Lakah



Cash flow list accumulated in period
(Jan 1, 2000 till Dec 31, 2000)

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|---|--|--|
| <u>Cash flow of operating activities</u> | | |
| Net (gain/loss) of year | (304.967.355) | 225.661.739 |
| Added : | | |
| Destruction & consumption | 62.512.838 | 25.875.953 |
| Stagnant & Ruined stored allotment | 31.000.000 | - |
| Permanent devaluation in - long term investment | 4.000.000 | - |
| Capital gains not relevant to operating | (63.500.835) | - |
| Allotment of doubtful debt's collection | 188.968.912 | 8.220.858 |
| Net operational profit before change of work capital | (81.986.440) | 259.758.550 |
| Change in Storage | (133.445.275) | (236.037.531) |
| Change in work in progress | (51.619.556) | (14.569.768) |
| Change in creditors-long term balances | (174.970.531) | (349.711.554) |
| Change in debtors- long term balances | 41.904.526 | (139.813.412) |
| Change in other credit balances | 3.760.000 | 24.441.253 |
| Change in Installments due for long term loans | (47.757.963) | 11.309.286 |
| Change in Creditor banks | (168.326.436) | 66.791.474) |
| Change in allotments | - | (5.201.943) |
| Net Cash flow of operating activities | (612.441.675) | (383.033.645) |



| | | |
|--|---------------------|----------------------|
| <u>Cash flow of investment activities</u> | | |
| Change in fixed assets | 350.674.560 | (93.097.059) |
| Change in clients –long term balances | (18.611.118) | (120.870.105) |
| Change in long -term investments | 11.414.152 | (372.365.860) |
| Change in projects in progress | 47.605.449 | 107.284.984 |
| Change in time deposit | (15.781.365) | (139.235.500) |
| Change in long term cash papers | (191.720.000) | - |
| Change in reputation | - | 456.821 |
| Change in other assets | 50.872 | (4.339.067) |
| Net Cash flow of investment activities | 183.632.550 | (622.165.786) |
| <u>Cash flow of financial activities</u> | | |
| Change in paid capital | - | 350.000.000 |
| Change in long-term loans | 275.429.105 | 94.814.482 |
| Change in minority rights | 232.402 | (21.775.185) |
| Change in debtors-long term balances | 69.900.056 | 264.547.630 |
| Change in issued bonds | - | 400.000.000 |
| Net cash flow of finance activities | 345.561.563 | 1.087.586.927 |
| Net change in cash during the year | (83.247.562) | 82.387.496 |
| Cash at the beginning of the year | 98.409.021 | 16.021.525 |
| Cash at the end of the year | 15.161.459 | 98.409.021 |

Board Chairman
Ramy Remone Lakah

Vice- Chairman
Micheal Remone Lakah



Illustrations complementary to the financial statements
collected in Dec 31, 2000

1. Establishing and company's activity

The Holding company of Financial Investments (L.K.H. Group) "Egyptian corporation " was founded in November 29, 1998 according to law provisions number 95 /1992 and its executive rule by the aim of participating in establishing companies, which issue securities or increasing its capitals.

The company can be involved or have an interest in any way with companies that have work similar to its works or cooperate to achieve the purpose in Egypt or abroad.

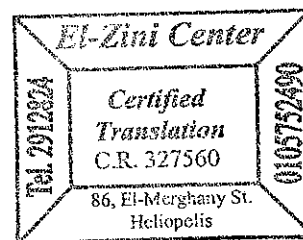
And allowed to merge in the above companies, buy or assigned by, in accordance with the provisions of the law and its executive rules.

According to the financial lists in Dec 31,2000, the holding company of Financial Investments (L.K.H. Group) " Egyptian corporation " - the parent company- owns the following affiliates :

| | Shares |
|--|---------------|
| Trading Medical system Egypt Company (S.A.E) | 97.60% |
| Medikeep for Trading and Contracting Company (S.A.E) | 97.80% |
| Amitrade company for Trading and Contracting (S.A.E) | 97.02% |
| Industrial investment Company (S.A.E) | 97.98% |
| Company of Arab Factory for Iron (S.A.E) | 97.92% |
| Consumer industries Company (S.A.E) | 97.95% |
| QUIST consult commercial company (S.A.E) | 97.46% |
| Company of medical centers' management (S.A.E) | 97.98% |

2. Significant accounting policies followed

The most significant accounting policies followed in preparing the financial statements collected as follows :



1/2 Foreign currency translation

The accounts of companies affiliated with Egyptian pound is proving foreign currency transactions in accordance with the rates of exchange at that date and include differentials re-evaluation list income.

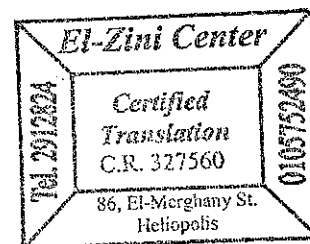
2/2 The preparation of the financial foundations

Preparation of the lists of the affiliates in accordance with Egyptian Accounting Standards. The lists include the financial holding company's assets and commitments to a number of eight subsidiaries on Dec 31, 2000 In addition to sales and cost of sales and operating expenses for the period from January 1, 2000 till Dec 31, 2000.

2/3 Principles of preparing accumulated fiscal lists

Accumulated fiscal lists Includes all companies affiliated to the Holding Company, and includes accumulating principles as follows:

- Excluding all balances and internal transactions between group companies.
- The rights of the minority shareholders in companies rights of other shareholders in dependent companies and appear as a dependent item on the accumulated lists and calculated from net assets and operating results of the affiliates that are not owned by the holding company directly or indirectly .
- The cost of the acquisition was identified affiliates as follows :
 - a. The fair value of assets and liabilities at the date of acquisition of the holding company for affiliates.
 - b. Been proving increase in the acquisition cost of the share holding company in the fair value of assets and obligations at the date of acquisition as positive reputation. During 2000 was to change the policy of positive reputation consumption by reducing consumption from 20 years to 10 years starting from January 1, 1999. Change of influence has been happened in the policy of positive reputation on the item of carried forward profit concerning 1999 for all affiliates and year consumption effect including income list for 2000 except for reputation concerns company of Arab factory for iron (ILLUSTRATION 2/3d).



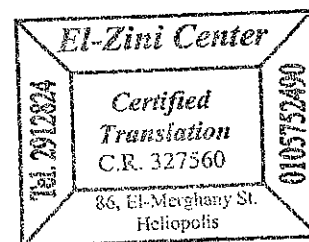
- c. Been proving increase in the share of the holding company in the fair value of assets and obligations for affiliates at the date of acquisition cost as negative fame. During 2000, change effect in policy consumption of negative reputation by reducing its consumption from 20 years to 10 years starting from January 1, 1999. Change of effect has been in the policy of negative reputation on the item of carried forward profits concerning 1999 for all affiliates and year consumption effect including income list for 2000.
- d. Regarding the reputation concerns company of Arab factory for iron (An affiliate), It was the impact of its share of opening carried forward profits of change policy consumption by reducing fame consumption from 20 years to 10 years like all affiliates adding that in 2000 ,were loaded the rest of fame balance fully concerns company of Arab Factory for iron charged to the main shareholders on item creditors – long term balances of financier of the assets that were purchased at the Holding Company for financial investments (L.K.H. GROUP).
- e. The subsidiaries of affiliates of the Holding Company at rates in excess of 50% accumulated on the same earlier grounds.

2/4 Storage

Evaluating store of raw materials, spare parts, supplies and assistant materials by cost using the method of imports, first distracted first, under operation production storage is evaluated by cost accordance with the percent of completion.

The completed production storage be evaluated by cost or by net worth, whichever is lower.

To be specialized of harmony and unsold storage included in the list of income and appear discounted from item of Circulation assets storage.



2/5 Long – term investments

The Long – term investments be proved by actual cost and the Book value of this investments be deduced in case of happening permanent value decline for each investment unit.

2/6 Fixed assets and it's destroying

Fixed assets be proved by historical cost and be destroyed by the way of fixed premium over the estimated production life of the asset for each asset unit, a statement in the following explains percent of used consumption:

| Fixed Assets | Destroy Percent |
|--------------------------------------|------------------------|
| Buildings and Constructions | 2.5-10% |
| Means of Transportation & Transition | 20-25% |
| Furniture and office equipment | 10-25% |
| Machines & Equipments | 5-10% |
| Devices & tools | 10-20% |

2-7 Other assets

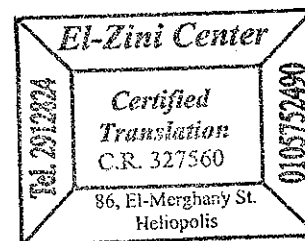
Other assets appear in the expenses of incorporation, as well as previous expenses to activity start and testing expenses prior to the start of operation during 2000 in accordance with the international standard No. (38), paragraph (6) which includes consumption of completely former capitalized expenses from previous years included in the income list.

2/8 Cash flow list

Cash flow list has been prepared by using the indirect method.

2/9 Clients- Long –term Balances

It has been proved totally Sales agents' term and interests due of sales term credits by other credit balances. Clients Item appear s in financial lists with deduction of amount of interests due besides net assets. Periodically, revenues be loaded of what concerns thee period from sales – term interests.



2/10 Taxes

Tax allotment is used to confront tax obligations on the bases of detailed study for every obligation according to natural of tax accounting in Egypt and the current rules, therefore.

When there is enough assurance that these assets will be achieved in near future.

3. Time deposits

Balance of time deposit reached in Dec 31, 2000 (155.016.865 Egyptian pound) as value of tied and frozen deposits in Cairo Bank, Tharwat Branch, (automatically renewed) of the Arab factory for iron Co. Compared to payment guarantee of issued bonds at (250.000.000 Egyptian pound) due payment in 29/9/2005 (explanation No. 19).

as in the following statement :

| Deposit No. | Link date | Due date | Interest Price | Amount of Deposit |
|-------------|------------|-----------|----------------|--------------------|
| 11651 | 21/12/2000 | 21/6/2001 | 11% | 21.153.516 |
| 11661 | 26/12/2000 | 26/6/2001 | 11% | 133.863.349 |
| | | | | 155.016.865 |

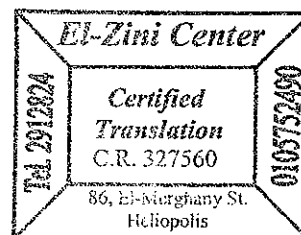
4. Clients- Long -term Balances

The balance of customers - Long term Balances in Dec 31, 2000 reached (307.121.543 Egyptian pound), concerns medical equipments that deserve collecting during more than one year.

Adding amount due during 2001 which value is 526.332.140 Egyptian pound. Where was included in the account of customer in balanced assets by item of debtors-short Term Balance (explanation No. 10).

5. Cash Securities

The balance of long-term securities in Dec 31, 2000 reached (191.720.000 Egyptian pound), which the value of due bills by Egypt Group for Steel . The premium due during the year of these bills, which hit 28.280.000 Egyptian pound was included in account



of cash papers of balanced assets in the item of Debtors- short term balances (Explanation No. 10).

6. Long -term Investments

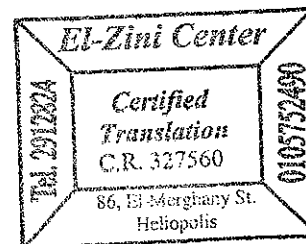
The balance of long term investments reached 619.086.833 Egyptian pound in Dec 31, 2000 as follow :

| | Investment percent | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|---|--------------------|------------------------------|------------------------------|
| Swiss company for iron workings | 49% | 53.628.173 | 53.628.173 |
| The Arab factory for Steel production | 49% | 120.000.000 | 124.000.000 |
| International company for Production of pipes and modern filters (RIGU) | | 3.000.000 | 3.000.000 |
| Tanta X-Ray Center (Tanta scan) (S.A.E) | 10.8% | 541.160 | 541.160 |
| INCO Company (S.A.E) | 9% | 1.800.000 | 1.800.000 |
| Heliomedical Company | | - | 65.082.843 |
| Intermedica Company (S.A.E) | | 117.500 | - |
| Cleaner Factory | | - | 81.000.000 |
| Investments in medical equipments in north Africa, Middle East and Turkey | | 305.448.809 | 305.448.809 |
| Portfolio of Investments | | 134.551.191 | - |
| | | 619.086.833 | 634.500.985 |

During the year, investment cost of Heliomedical Company was excluded from the item of long-term investments, compared with the same item is included in 1999.

In order to defeat the purpose of this investment, to cancel and not to allow to economic conditions to continue in this investment.

During the year, investment in detergent factory was excluded from item of long-term investments in December 31, 1999, by cost of 81.000.000 Egyptian pound because of Industrial Investments,



Company owns the factory, managed and operated the factory from January 2000 after the completion of the specified term of rent in accordance with the normal rent.

Factory value has been included in the fixed assets according to the nature of the item at the industrial investments (affiliate). This illustration is more detailed in the financial statements of Industrial Investments Company in December 31, 2000.

7. Net fixed Assets

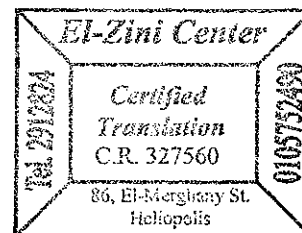
Net fixed Assets reached 370.504.607 Egyptian pound in Dec 31, 2000 as follow:

| | Costs on 31/12/2000 | Ruining compound 31/12/2000 | Net of folder amount 31/12/2000 | Net of folder amount 31/12/1999 |
|---|--------------------------------|--|--|--|
| Lands | 208.017.459 | - | 208.017.459 | 151.535.609 |
| Buildings & Constructions | 59.790.797 | 7.069.727 | 52.721.070 | 62.396.114 |
| Machines & Equipments | 103.757.523 | 18.709.773 | 85.047.750 | 205.924.861 |
| Devices & tools | 1.797.788 | 715.133 | 1.082.655 | 1.985.777 |
| Furniture and office equipment | 7.926.082 | 3.296.180 | 4.629.902 | 6.495.202 |
| Means of Transportation & Transition | 42.075.130 | 23.069.359 | 19.005.771 | 43.304.129 |
| | 423.364.779 | 52.860.172 | 370.504.607 | 471.641.692 |

The item of lands includes (92.104.380 Egyptian pound) as cost of lands added during 2000 to the holding company of Financial Investments (L.K.H. Group) by primary sale contracts.

Funding was purchased from the company's main shareholders and included in the item of (debtors-long term balances) of the mentioned company .

legal action is going in accordance with law rules 159/1981 and 95/1992 law concerning evaluation of real quotas.

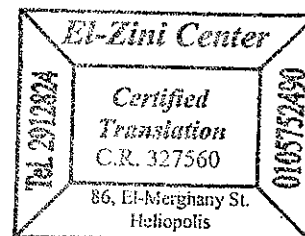


8. Reputation

Reputation value reached 50.312.975 Egyptian pound in Dec 31, 2000 - after negative reputation deduction- resulted in purchasing group of affiliates of the holding company of Financial Investments (L.K.H. Group) as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|--|------------------------------|------------------------------|
| Company of the Arab factory for iron | 202.338.200 | 202.338.200 |
| Consuming Industries Company | 32.734 | 32.734 |
| Amitrade for Trading and Contracting company | (6.269.546) | (6.269.546) |
| QUIST consult commercial company | (5.812.737) | (5.812.737) |
| Industrial Investments company | 28.595 | 28.595 |
| Medical centers' management Co. | (1.587.193) | (1.587.193) |
| Trading Medical System Egypt Company | 23.626.136 | 23.626.136 |
| Medikeep for Trading and Contracting Company | 52.874.480 | 52.874.480 |
| | 265.230.669 | 265.230.669 |
| Collected Consumption | (214.916.694) | (214.916.694) |
| | 50.313.975 | 251.969.136 |

The fame consumption policy has been changed by decreasing its consumption from 20 years to 10 years, beginning on Jan 1st, 1999. The change of the fame consumption policy has affected the provision of the transferred profits concerning the year 1999 with an amount of 13.261.534 Egyptian pounds for the whole subsidiary companies and the year consumption effect included in the consumption and depreciation provision contained in the income statement for the year 2000 (clarification no. 21) except the fame consumption of the Arab Factory for Steel (one of the subsidiary



companies), where as the fame balance remainder was charged completely, and its balance is 182.104.380 Egyptian pounds, with a deduction from the main shareholders account, included in the provision of creditors – long term balances, funding the assets which were purchased by the holding company for financial investments (L.K.H. Group) (Clarification 2-3).

9. Cash & what including

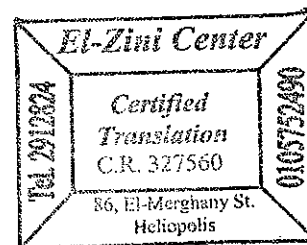
Cash balance and what including reached 15.161.459 Egyptian pound in Dec 31, as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|-------------------------|------------------------------|------------------------------|
| Banks – Current Account | 10.621.509 | 84.260.473 |
| Cash Balance | 2.583.533 | 1.202.724 |
| Bank Deposits | 1.956.417 | 12.945.824 |
| | 15.161.459 | 98.409.021 |

10. Debtors- Net Short Term Balances

Debtors balance - Net Short Term Balances – reached (836.028.640 Egyptian pound) in Dec 31, 2000 as follow :

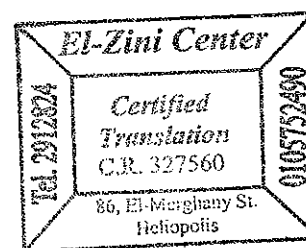
| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|-------------------------------|------------------------------|------------------------------|
| Cash papers | 36.053.768 | 22.565.874 |
| Documentary Credits | 23.371.486 | 4.280.000 |
| Clients | 526.332.140 | 401.139.243 |
| Pre-paid taxes- Tax Authority | 13.466.367 | 8.456.487 |
| Advanced pre-paid expenses | 15.242.009 | 26.025.087 |
| Other insurance | 15.085.440 | 26.767.501 |
| Custom Authority | - | 11.172.312 |



| | | |
|---|----------------------|---------------------|
| Prepaid –cash to purchase fixes assets | 3.444.527 | 7.624.266 |
| Midwest Air Company | 45.000.000 | - |
| Sales taxes- Tax Authority | 20.825.078 | 6.063.262 |
| Cover of guarantee letter | 28.682.839 | 30.856.380 |
| Accrued revenues | - | 16.170.788 |
| debtor balances-suppliers & contractors | 101.387.405 | 121.994.499 |
| Accrued investments revenues | 20.710.515 | 63.670.515 |
| Under payment cheque | 6.727.375 | 15.000.000 |
| Other credit balances | 182.068.653 | 101.640.857 |
| | 1.038.397.602 | 863.427.071 |
| Discounted : Allotment of doubtful debt's collection | (202.368.962) | (13.400.050) |
| | 836.028.640 | 850.027.021 |

The affiliates enhanced allotment of doubtful debt's collection during the period (Jan 1, 2000 till Dec 31, 2000) paying (188.968.912 Egyptian pound) to confront doubtful debt's collection from clients & debtors-short term balances according to detailed study that the companies has prepared to ensure allotment sufficient to confront doubtful debts ; statement of allotments flow in the following :

| Statement | Value |
|---------------------------|--------------------|
| First period balance | 13.400.050 |
| Component during the year | 188.968.912 |
| | 202.368.962 |



11. Net Storage

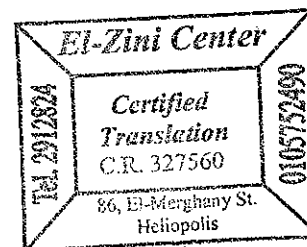
Balance of net storage reached (533.179.929 Egyptian pound) in Dec 31, 2000 as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|--|--------------------------------------|--------------------------------------|
| Raw materials | 80.025.819 | 140.600.180 |
| Assistant materials | 11.034.379 | 3.002.352 |
| Spare parts | 113.157.773 | 103.429.408 |
| Packaging materials | 1.649.749 | 9.653.471 |
| Production under packaging | 1.770.015 | 1.294.247 |
| Medical equipments | 301.383.338 | 53.641.817 |
| Goods on the way | 49.809.272 | 56.570.194 |
| Complete production | 5.349.584 | 62.543.985 |
| | 564.179.929 | 430.734.654 |
| Discounted : Stagnant & Ruined stored allotment | (31.000.000) | - |
| | 533.179.929 | 430.734.654 |

12. Creditor Banks

Creditor banks balance reached (70.323.661 Egyptian pound) in Dec 31, 2000 as follows :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|-------------------------|--------------------------------------|--------------------------------------|
| Banks- Current accounts | 56.975.669 | 227.456.392 |
| Monetary Fund | 13.347.992 | 11.193.705 |
| Banks Deposits | | |
| | 70.323.661 | 238.650.097 |



It has Been re-tabulation balances creditor debts owed by the companies which is more than 15 million Le included in item of the long-term loans by long-term Obligations according to principles of method restructure of the holding company of Financial Investments (L.K.H. Group) With creditor banks, that dated in Oct 8, 2000 (Explanation No. 10).

13. Creditors – short term balances

Creditors – short term balances reached (125.527.714 Egyptian pound) in Dec 31, 2000 as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|----------------|--|--|
| Payment papers | 108.594.794 | 4.199.266 |
| Debtors | 9.519.875 | 12.609.987 |
| Suppliers | 7.413.045 | 22.205.404 |
| | 125.527.714 | 39.014.657 |

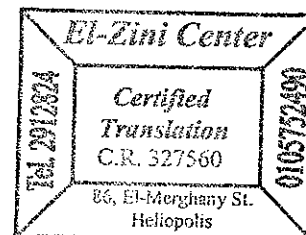
14. Other credit balances

Other credit balances reached (41.135.000 Egyptian pound) in Dec 31, 2000 as follows :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|------------------------|--|--|
| Interests of due bills | 37.375.000 | 37.375.000 |
| Other | 3.760.000 | - |
| | 41.135.000 | 37.375.000 |

15. Allowances

The allowances credit in 31 December 2000 reached the amount 22.134.102 Egyptian pound to cover the taxes commitment on the profit of the related companies and any other taxes commitment and a settlement was done with the taxes authority concerning the due taxes on the related companies according to the time schedule agreed upon with the taxes authority and it was obliged with this settlement

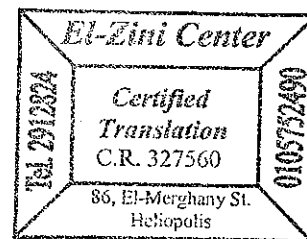


through issuing check according to the settlement and it is pay in its due date regularly, and these checks was inserted in the item of payment papers in the financial lists in 31 December 2000.

16. Capital

Allowed capital reached (5 milliard Egyptian pound) and issued, subscribed in and paid capital reached (1.499.880.000 Egyptian pound) divided on (149.988.000 share) namely value reached 10 Egyptian pound per share, distributed as follows :

| | % | Number of shares | Value Egyptian pound |
|---------------------------------|-------------|--------------------|----------------------|
| A. Founders | | | |
| Mr. Ramy Remone Lakah | 0.0007% | 1.000 | 10.000 |
| Mr. Micheal Remone Lakah | 0.0007% | 1.000 | 10.000 |
| Mr. Farouk Abd El-Sameia | 0.0003% | 500 | 5.000 |
| B. Subscribers | | | |
| Mr. Ramy Remone Lakah | 32.7262% | 49.085.376 | 490.853.760 |
| Mr. Micheal Remone Lakah | 25.0126% | 37.515.950 | 375.159.500 |
| New York Bank | 16.3218% | 24.480.695 | 244.806.950 |
| Cairo Bank | 7.6165% | 1.142.3800 | 114.238.000 |
| Nomura International PLC | 0.3937% | 590.542 | 5.905.420 |
| Nomura Nominees LTD | 0.2300% | 345.002 | 3.450.020 |
| James Capeland Co. | 0.2073% | 310.950 | 3.109.500 |
| Kleinwort Benson securities Lim | 0.1453% | 218.000 | 2.180.000 |
| Others | 17.3448% | 26.015.185 | 260.151.850 |
| | 100% | 149.988.000 | 1.499.880.000 |



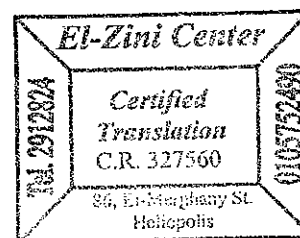
17. Minority rights

Balance of minority rights reached (19.651.818 Egyptian pound) in Dec 31, 2000 as follow :

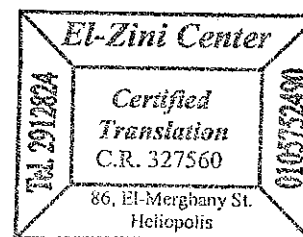
| | Minority rights % | 31/12/1999 Egyptian pound |
|--|----------------------|------------------------------|
| Affiliates Names : | | |
| Medikeep for Trading and Contracting Co. | 2.20 | 2.666.594 |
| Trading Medical System Egypt Co. | 2.40 | 1.003.633 |
| Amitrade for Trading and Contracting Co. | 2.98 | 1.520.835 |
| Consuming Industries Co. | 2.05 | 791.819 |
| Industrial Investments company | 2.02 | 4.990.505 |
| Company of the Arab factory for iron | 2.08 | 4.997.076 |
| QUIST consult commercial company | 2.54 | 1.446.266 |
| Medical centers' management Co. | 2.02 | 2.235.090 |
| | | 19.651.818 |

18. Long -term Loans Long - term Loans reached (595.161.564 Egyptian pound) in Dec 31, 2000 as follows :

| Company | Lender | Currency | The profit rate | Balance of long term loan | Remarks |
|---|------------------------|----------|---|---------------------------------|---|
| Medikib for Trading and Contracting Co. | Cairo Bank | US\$ | 1% more than the labour rate 0.75% commission accounted monthly on the highest debit balance | 22.104.568 | - A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months). |
| | Cairo Bank | L.E | 13.5% and 0.75% commission accounted monthly on the highest debit balance | 40.929.277 | - A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months). |
| | National Bank of Egypt | L.E | 12.5% and 0.1% commission accounted monthly on the highest debit balance | 127.878.764 | - Waiving of the contracts proceeds whose period is more than one year. |
| | National Bank | US\$ | 0.75% more than the | 25.691.867 | - A mortgage of medical |



| | | | | | |
|---|---|-----------------|--|-------------|---|
| | of Egypt | | labour rate, 0.1% commission accounted monthly on the highest debit balance | | equipments that cover 120%. - With a guarantee of permission bonds (with a term of 6 months). |
| | Egyptian Saudi financial Bank | L.E | | 32.163.659 | |
| | International Arab African bank | US\$ Or L.E | Egyptian pound 11%, US \$ 1% more than the labour rate, 0.6% commission accounted monthly on the highest debit balance | 27.001.389 | - A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months). |
| | Bank of International Arab Banking Company | L.E | | 17.554.625 | |
| Trading Medical System Egypt Co. | Cairo Bank | L.E | 12.25%, 0.75% commission accounted monthly on the highest debit balance | 90.863.935 | - A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months). |
| | Egyptian Bank for developing exports | US \$ Or L.E | Egyptian pound 12%, US \$ 1.5% more than the labour rate, 1.35% commission accounted monthly on the highest debit balance | 20.069.685 | - Long term loan for funding the customers • With a term • Till one year • Till two years • Till three years |
| | International Arab African bank | US \$ Or L.E | Egyptian pound 11%, US \$ 1% more than the labour rate, 0.6% commission accounted monthly on the highest debit balance | 16.067.052 | - A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months). |
| | | | | 420.324.821 | |

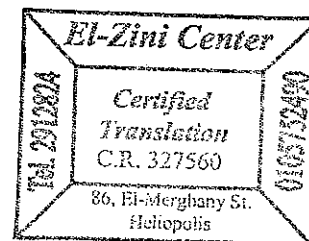


| | | | | | |
|---|-------------------------------|-----|--|--------------------|--|
| Ami-trade for Trading and Contracting Co. | Cairo Barclays Bank | L.E | | 20.006.760 | |
| Ami-trade for Trading and Contracting Co. | Egyptian Saudi financial Bank | L.E | | 35.110.593 | |
| Ami-trade for Trading and Contracting Co. | International Islamic bank | | | 26.069.425 | |
| Medical centers' management Co. | International Islamic bank | L.E | | 17.581.222 | |
| Holding company of Financial Investments (L.K.H. Group) | Cairo Bank | L.E | | 76.068.743 | |
| | | | | 595.161.564 | |

It was reclassified the debits balance of discredits banks due on companies that excess over is millions pounds inside long term loans item with long term commitments according to the principals agreement around the in debit structure way to the holding company for financial investments (L.K.H. Group) with credits banks dated on 8 October 2000 (illustration No. 27).

19. Bonds

- The bonds balance reach in 31 December 2000 the sum of 650.000.000 Egyptian pounds and represents in the following: Egyptian 250.000.000 pounds the value of the bonds which the Arabic factory for iron was issued and it is unable to transfer to ordinary stocks with an annual interest of about 11.5% and the under writing was done in July 1998, and the period of these bonds are seven years and there bonds and coupons are payments ensured from Cairo bank and it will be paid at the end of the period with the guarantee of the blocked and tied up deposits in Cairo Bank Tharwat Branch 10 meet these bonds in (illustration No. 3), and the interest value of the due bonds for bonds holders had reached in 31 December 2000 the amount of 14.37.000 Egyptian pound for the period



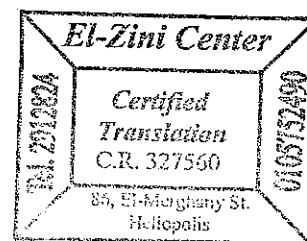
from 1 July 2000 to December 2000 and it was inserted in other credit balance item in the commitments circulating in the budget (illustration No. 141) and the total value of the bonds interest for the year 2000 had reached the amount of 28.750.000 Egyptian pound inserted to the item of bonds interest with income list.

- 400.000.000 Egyptian pound are the bonds value that the holding company for financial investments (L.K.H. Group) was issued and it is able to transfer to ordinary stocks with an annual interest 11.5% and the under writing was done in March 1999 and the period of these bonds are seven years, paid it the end of the period and these bonds and coupons are payment insured from Cairo bank in addition to the holding company for financial investment (L.K.H. Group) was added another guarantee for these bonds represented in deposited promissory bonds from Cairo bank its value will reach about 221 million Egyptian pound in the due date of these bonds the due bonds interest for bonds holders reached in 31 December 2000, the amount 23.000.000 Egyptian pound for the period from 1 July 2000 to 31 December 2000 and it was inserted in other credit balance item in the commitments circulating in the budget (illustration No. 14) and the total value of the bonds interest for the year reach as 46.000.000 Egyptian pounds inserted in the item of bonds interest with income list.

20. Creditors – long term balance

The creditors balance reached – long term balance in 31 December 2000 the amount of 347.906.839 Egyptian pound represented in the following :

| | 31/12/2001 Egyptian pound | 31/12/1999 Egyptian pound |
|--|------------------------------|------------------------------|
| Lakah limited company for financing | 340.000.000 | 207.009.000 |
| Long term cash papers | 7.906.839 | 4.980.283 |
| Other credit balance | - | 66.017.500 |
| | 347.906.839 | 278.006.783 |



- This sum represents in dollars bonds value exported by Lakah limited company for financing and its legal residence is the united king don as it was issued with the value of 100.000.000 American dollar in 1999 deducted from it the amount of 207.009.000 Egyptian pound in 31 December 1999 and the rest which is 132.991.000 Egyptian pound was deducted in 31 December 2000 and it was inserted in this item as this credit represents commitment on the holding company for financial investments (L.K.H. Group) toward Lakah limited company for financing in return for the amount transfer from it, and the financial burdens resulted from this commitment was inserted in the item of financial costs with in come list and also the unpaid sums from these financial burden was inserted in the other credit balance item.

21. The ruining and consumption

The ruining and consumption during the period from 1 January 2000 to 31 December 2000 reached the amount of 49.371.440 Egyptian pound and represents as follows :

| | Egyptian pound |
|---|-------------------|
| Ruining fixed assets (beside the ruining assets inserted in the sales and whose its value is 12,979,567 Egyptian pound) | 14.817.573 |
| Consumption to there assets (beside the consumption of the another assets which inserted in the sales costs and whose its value is 161,831 Egyptian pound | 28.264.620 |
| The fame consumption | 61.289.247 |
| | 49.371.440 |

The increase in the amount of the consumption of other assets relates to (foundation expenses, precedent expenses on the starting of activity, the expenses of precedent experiments on the starting of activity to apply the international accounting standard No. 29, paragraph 6, clarification no (7/2) and it contain the amount of



consumption of other assets whose value is 28.264.620 Egyptian pound for the financial year ended in 31 December 2000 the consumption of the expenses credit precedent to the starting of activity and the credit of experiments expenses precedent to the starting of activity for the Arabic factory company for iron with sum of 19.432.570 Egyptian pound and also the credited foundation on expenses and the expense credit precedent to the beginning of the activity related to the international company for heavy transportation with amount of 5.760.131 Egyptian pound.

22. Taxes settlements

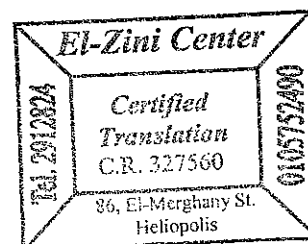
Taxes settlements item represent in the value of differences for examining the sales taxes for the Arab factory for iron (one of the related companies) from the taxes association on sales from the period from 1998 to the date of sale and its value 4.808.731 Egyptian pound, pay from it in the year 2000 an amount of 2.973.731 Egyptian pound and the remaining amount had been classified who have to pay in a year and its amount is 5000.000 Egyptian pound as a cash payment in the creditors – short term balance (clarification no. 13) and the remaining amount whose have to be pay after more than one year and its value is 1.335.000 Egyptian pound, had been classified as a long term cash in the creditors – long term balance (clarification No. 20).

23. Credit interest

The credit interest during the period from 1 January 2000 to 31 December 2000 was reached an amount of 18.326.4156 Egyptian pound includes the amount 15.781.365 Egyptian pound the value of the deposits interest both the blocked and the tied up for the Arab factory company for iron in Cairo Bank Tharwat Branch in return of a guarantee for the payments of the exported bonds with an amount 250.000.000 Egyptian pound who has to be paid in 29/9/2005 (clarification no. 3).

24. Bearable commitments

The bearable commitments represents in the value of the guarantee letters that the banks issued it to the interest of others and it reached in 31 December 2000 the value of the coverings of guarantee letters



with amount 28.682.839 Egyptian pound and appear in the debits item – short term balance (clarification no. 10).

25. The financial tools and manage the risks related to it

The financial tools for the company represents in the financial assets (cash and a like, some debits accounts) and also the financial commitment (the credit banks, some credit account, bonds, cong term loans).

The risks of interest rate :

The company in financing part of the working capital and some long term assets ponds on the long term bonds and facilities and banks bans and it obtains these loans and banks facilities according to the prevailing prices for the granted banks in general.

Credit risks :

The credit risks represents in the ability of the company in paying due debits on customers and thus a study is made for the customer situations through forming the needed allowances to encounter the debits suspicious in its payment (clarification No. 10).

Risks change the prices of foreign currencies :

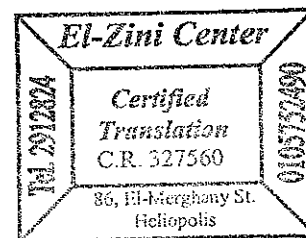
Some of the company dealings is carrying out by various foreign currencies and the company may faces a risk in the changes in the prices of foreign currencies exchange and this risk is faced through making balance between its commitment with foreign currencies and its financial sources with financial currencies.

The fair value :

According to evaluation bases used in evaluating the company assets and commitments so the fair value for financial tools is not essentially different from the written value in the budget date.

26. The share portion from loss

The net share portion from loss was accounted as follows :



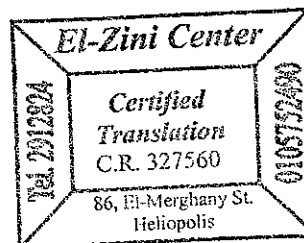
| | 31/12/2000 Egyptian pound | 31/12/199 Egyptian pound |
|-------------------------------|--|---|
| Net year loss divided on | (299.149.564) | 1.72.125.847 |
| The average of shares numbers | 149.988.000 | 132.488.000 |
| Net portion share from loss | (1.99) | 1.30 |

27. The most important incidents in the subsequent companies during the year 2000

Throughout the year 2000 sale and purchase contract was done for a part of the assets owned by the Arabic Factory Company for iron (seller) to the company of Egypt group for steel (purchaser) and the seller assets represents as follows :

- All the landed assets including all lands buildings, installations and the preparation existing or relating to it.
- All production lines and machines, equipments, cranes instruments, generators, financing and machines of forming metals, equipments of fixing machines and formats parts (including spare parts and service).
- All preparation furniture's and the office equipments existing inside the factory.

Total value of the sold assets reach the amount of 331.280.000 Egyptian pound (three hundred and thirty one million and two hundred and eighty thousands Egyptian pounds) an amount of 100 million Egyptian pound was collected them cash and or amount of 11.280.000 Egyptian pound from in voices issued by these amount and the remaining and the due receiving papers was classified on Egypt group company for steel in the items of long term receiving papers with an amount of 191.720.000 Egyptian pound (clarification No. 5) and the due receiving papers throughout the year in the receiving papers debits item – short term balance with an amount of 28.280.000 Egyptian pound (clarification No. 10) and it was resulted from the seller operation that was previously mentioned with an



amount 63.500.835 Egyptian pound represents capital profits was put on the income list.

On date 8 October 2000, a principal agreement was made around the debits structure way of the holding company for financial investments (L.K.H Group) for credit banks which represented in each of Cairo Bank-Egyptian national bank- the Islamic international Bank for investment and development – The Saudi Egyptian financing bank-the Egyptian Banks to develop exports – the international African Arabic Bank- Cairo Barclays Bank – The international Arabic banking company – Suez Canal Bank and the mentioned principal agreement contained :

- A. The payment of the debits credit banks to the holding company for financial investments (L.K.H Group) or the company subsidiary to it and whose its value is less than 15 million Egyptian pound through years.
- B. Banks who has debits more than 15 million Egyptian pound, the holding company for financial investment (L.K.H Group) for them on quarterly installments during seven years.
- C. The company is abidance with making a contract with a financial consultant responsible to supervise on the financial administration for the group.

The main share holders for the holding company for financial investment (L.K.H Group) and they are seniors/ Ramy and Micheal Lakah. Their desire to support its financial situation and support the right of the small share holders, as in the year 2000 the policy of fame consumption was charged by decreasing its consumption from 20 years to 10 years starting from 1 January 1999 and this charge makes an effect on the profit item for the year 1999 for all subsidiary companies and for this the holding company for financial investment (L.K.H Group) inserted assets owned to Mr./ Ramy & Micheal Remone Lakah personally at other companies outside the area of the holding company and the company subsidiary to it as an assets in the assets of the holding company for financial investment (L.K.H group) and the legal procedures are now taking according to the rules of the law 159 for the year 1981 and the law as for the year 1992 toward evaluate the sample.

